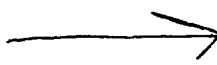


**CITY COUNCIL MEETING  
APRIL 3, 1996**

DAVENPORT: FULL INVESTIGATION BE DONE ON THE UNDISCLOSED \$17 MILLION OF FUNDS



Council Member Davenport thanked everyone for coming to the meeting and commented on the following matters: 1) Reminded everyone to be ever mindful of gangs and know where your kids are. They are important to the future and to this community; 2) Read into the record a letter addressed to City Manager Flynn regarding the undisclosed \$17 million of funds that was reported in The Record on March 11, 1996 (full copy of Mr. Davenport's letter is on file in the City Clerk's office). Mr. Davenport has not yet received any information regarding this matter and would like to know where and when did the fund originate, who ordered the bank account to be opened, who opened the bank account, who signed on the bank account, what transactions have taken place, what was the money used for, itemized statements from the banks involved, how much interest accrued in this account, what was the original amount used to initially open the account, why was the City Council not told about it, where is the \$17 million now, why is it not identified in the City assets, and who has access to this account. Mr. Davenport would also like to know if other Department Heads have unauthorized accounts using taxpayers money, and implied that the Police Chief has an unauthorized bank account at Farmers and Merchants Bank. Further, Council Member Davenport requested that Mayor Warner, another Council Member and himself demand an investigation and identify those parties responsible for mishandling of citizens' money and turn the matter over to the Attorney General. He is appalled to know that the City is indebted to Northern California Power Agency (NCPA) in excess of \$196 million, which was not disclosed to him from prior staff. Mr. Davenport would like a recap of every past and future cost, expense or obligation with NCPA since its involvement with the City of Lodi. Mr. Davenport requested that this matter be placed on the next agenda for Council's vote to turn this matter over to the Attorney General; 3) Wished Linda Nichols a speedy recovery and hopes to see her back at work as soon as possible; 4) Already heard this evening about the Arts Commission and its upcoming calendar; 5) Received information regarding the Criminal Justice Action Update and issues important to the City. The State wants to hit the counties with \$2.2 million to require counties to pay for 50 - 100% of the California Youth Authority (CYA) actual institutional costs which amount to approximately \$31,000 a year that will ultimately pass on to the City. The booking fees at the jail will go over \$1 million in this County, which will reimburse the City of Lodi for fingerprint costs; 6) Commented on the Stockton Record article regarding Shirtsleeve Session on March 26, 1996 regarding the performance review for the Police Department. Mr. Davenport's comments were taken out of context and his fellow Council Members made some unwarranted comments about it. The headline of the article was not what the content of the meeting was; the conversation was "how can we take the money out of drugs to solve some of these problems". During this conversation he talked about the burden of keeping people in jail for drug-related charges, NAFTA shipping drugs into this Country, and the budgets in police departments each year. He asked if there were any alternative solutions to the problem. It is cheaper to educate people on drugs than to keep them in jail. Mr. Davenport does not advocate taking punishment away from drug users, if they do crimes under the influence, just as if with alcohol. Mr. Davenport stated that he does not advocate the use of drugs, in fact, he deplores it. Drugs play a major part in the majority of crimes. If money was taken out of drugs, crime would be reduced.

FILE NO. CC-6, CC-21(b) AND CC-51(d)

CITY COUNCIL

DAVID P. WARNER, Mayor  
PHILLIP A. PENNINO  
Mayor Pro Tempore  
RAY G. DAVENPORT  
STEPHEN J. MANN  
JACK A. SIEGLOCK

# CITY OF LODI

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H. DIXON FLYNN  
City Manager  
JENNIFER M. PERRIN  
City Clerk  
RANDALL A. HAYS  
City Attorney

## MEMORANDUM

**TO: DIXON FLYNN, CITY MANAGER**  
**FROM: RAY DAVENPORT, COUNCILMEMBER**  
**DATE: APRIL 3, 1996**  
**SUBJECT: UNDISCLOSED \$17,000,000.00 OF CITY FUNDS**  
**STOCKTON RECORD ARTICLE MARCH 11, 1996**

As of today's date I have yet to receive any information on the unreported \$17,000,000.00 which is not accurately reflected in any City audit or budget. The \$17,000,000.00 is an asset of taxpayers monies which has been hidden and undisclosed.

I want to know:

- 1) Where and when did the fund originate?
- 2) Who ordered the bank account to be opened?
- 3) Who opened the bank account?
- 4) Who signed on the bank account?
- 5) What transactions have taken place in this account and what was the money used for? I want to see an itemized statement or statements from the banks involved.
- 6) How much interest accrued on this account?
- 7) What was the original amount used to initially open the account?
- 8) Why weren't the present councilmembers informed of this account? Why did they have to read about this undisclosed account in the Stockton Record?
- 9) Where is the \$17,000,000.00 now?
- 10) Why was it not identified in the City Assets?
- 11) Who has access to the \$17,000,000.00?

I also want to know if there is anymore unreported Bank accounts set up by Department Heads using taxpayers monies? ie. Police Chief Hansens's unauthorized bank account at Farmers and Merchants Bank.

I am requesting that Mayor Warner and at least one other Councilmember along with myself demand an investigation and identify those responsible for such mishandling of the citizens monies. This matter should be turned over to the Attorney General for a thorough unbiased investigation immediately.

Councilmember Seiglock properly identified the issue of non-disclosure of this \$17,000,000.00 as a breach of faith and trust during the March 20, 1996 City Council meeting.

It appears some other councilmembers seem content to sweep this account under the carpet and forget it. I think it will be a disservice to the community if this City Council does not call for an investigation of the unreported and undisclosed City assets of \$17,000,000.00

The non-disclosure of these funds reflects negativity on the Lodi City Council. Most important it is improper to taunt awards for proper reporting of City funds when in fact \$17,000,000.00 of City assets are not disclosed to the City Council or Lodi Citizens . It is impossible to have a true and correct budget and know the true state of the City's business, assets and liabilities.

Additionally, I am and other councilmembers should be appalled to know that the City is presently indebted to Northern California Power Agency in excess of \$196,000,00.00, this is an example of another fact not disclosed to me as a City councilmember when I requested this information from the prior staff.

Please provide a recap of every past and future cost, expense or obligation to Lodi citizens associated with NCPA since it's inception or involvement with the City of Lodi.

I am requesting the non-disclosure of \$17,000,000.00 dollars be placed on the next City Council Agenda and a public vote be taken to instruct the City Staff to turn this matter over to the Attorney General immediately for an unbiased investigation. The people responsible and involved should be identified and dealt with appropriately.

cc: Councilmembers  
City Attorney  
Finance Director